

SALES MERCHANDISING

D E C E M B E R 1 9 9 3

REGIONAL
MANAGER

REGIONAL
OPERATIONS
MANAGER

MATERIALS
COORDINATOR

PERSONNEL &
ADMINISTRATION
COORDINATOR

PROMOTION
COORDINATOR

SYSTEM
COORDINATOR

Regional Operations Unit Successful

Display Your Business

Vending Audits—Definitive

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M E M O

Earnings Growth: Key to Future



Just about everyone would agree that 1993 has been a year marked with distinct peaks and valleys. It was a year of difficult decisions for our company and a time of emotional strain on our people.

You've worked very hard, and we will finish this year out-performing the remainder of the industry in terms of volume performance versus a year ago. Our earnings, however, have been eroded because of the price roll-back. The adjustments we had to make in cost reduction and downsizing, as a result of this earnings loss, were not easy. All of that is behind us.

What's important now is a concentrated effort by everyone in our sales organization to build the best tobacco company by growing our earnings once again. To do this, we must keep focused on the same, original objectives that will get us there. They have not changed.

Our goal is to be a decentralized sales organization, and we have been preparing for that role for several years. The terms "Business Manager," "Account Specific Marketing," and "It's Your Call" are not clichés. They are benchmarks on the road to decentralization.

Preparation continued throughout 1993, with the regional operations unit tests and the decision to roll-out the operations unit in all regions by January 1, 1994. The feature article in this issue addresses what the operations unit means in administrative efficiency and more selling time for everyone.

Another major step was bringing the area vice presidents to Winston-Salem to become an integral part of sales and marketing planning processes. These AVPs, as well as their regional, chain accounts, and division managers, will have greater influence on the decisions that impact our business.

It's difficult to imagine what we might have faced, given the reality of our earnings loss, had we not already been preparing to decentralize and streamline the sales organization. Early preparation gave us the opportunity to move the timetable ahead.

As we move forward in 1994, I am confident that you will see the results of our preparation for the future—not just in a decentralized mode of operation, but also in the profitable way we conduct our business. I look forward to 1994, as I hope you do, as a year full of promising results for our efforts.

Together with the entire Home Office staff, I wish you and your family a peaceful and joyful holiday season.

Sincerely,

Yancey W. Ford, Jr.
Executive Vice President—Sales

Minneapolis Regional Operations Unit

Trust, Mutual Understanding Secret to Success

Regional Operations Unit

The development of the regional operations unit came about from recommendations by a task force comprised of individuals from various departments. Their contributions as a team and their grateful acknowledgment of the task force members are as follows:

John Barnhart

regional operations manager, Minneapolis

Jack Berger

regional operations manager, Grand Rapids, Mich.

Buzz Buzzard

regional operations manager, Minneapolis

Dot Draper

sales/marketing employment relocation coordinator

Mark Goodman

regional operations manager, Philadelphia, Pa.

Tom Goudreau

regional operations manager, Minneapolis, Minn.

Brian Hamilton

division manager, Grand Rapids, Mich.

Mike Jenkins

regional operations manager, Grand Rapids, Mich.

Jeff Kles

manager, sales/marketing, Minneapolis

Sharon Korczyk

SMS systems manager

Steve MacLeod

sales/marketing administration manager

Sankey Moore-Painter

systems development manager, Minneapolis

Carol Novosad

regional operations manager, Minneapolis

Gary Overick

regional operations manager, Minneapolis

Sharon Rice

regional operations manager, Minneapolis

Wayne Tucker

regional operations manager, Minneapolis

Dave Wilmesher

regional operations manager, Minneapolis

In April 1991, a process to reduce administration overload in field sales and Home Office operations was set in motion. It was called Wastebusters, because the primary purpose was to eliminate unproductive, and often redundant, paperwork from the lives of employees throughout the company.

According to Dave Wilmesher, regional manager, Minneapolis region, who served on the Wastebusters task force, it was only a forerunner of even better things to come for division managers who bear the brunt of time-consuming administration in field sales.

"Wastebusters only took the process so far," said Wilmesher. "The ultimate goal was to get managers out of the office and with their people at least four days a week." To that end, another task force was formed in 1992 to study all aspects of administration at the division level. The task force (identified at left)



worked three months studying every aspect of administration in the division office. Soon, it became apparent by all task force members, representing disciplines from internal and field sales departments, that consolidating administration into a services group at the region level was likely the most efficient direction to follow. Thus, the concept of a regional operations unit was con-

Back room huddle - Minneapolis region personnel. From left are: Sales Representative Clint Pullin, Area Sales Representative Carolyn Mock, Training and Development Manager Glenn Hansen, and Promotional Specialist Mary Kay Templin.

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Minneapolis Regional Operations Staff

Tom Goudreault, regional operations manager

"The most important aspect of the regional operations unit is to build trust and mutual understanding between our services group and sales group. To do that, you put people in their areas of strength, get them organized, and make sure the right things are done right and on time."



Kevin Redding, materials coordinator

"I have to be thoroughly familiar with our fixtures and contracts and be able to manage a staff which may not be as experienced as I am. I have to look at the big picture and make sure we're doing the right things to save the right reasons to save."



Peter Battis, promotion coordinator

"I'm the link between PM's, DAME, and Direct Accounts for all promotions making sure the promotion is done properly. Sometimes I have to make a mountain out of a molehill to make sure the product is available when the chain wants it."



Lynette Splering, systems coordinator

"If it has to do with money, I get involved with it. I'm the temporary system's coordinator, expense reports, also process the 7101's. This job allows me to be really involved in the new way of doing things. For example, developed a line item sheet for Direct Accounts based on a need identified through direct comments."



Marit Oberg, personnel & administration coordinator

"Communication between the regional operations unit and the divisions is the main focus of my position. That puts me in a position to assist with the day-to-day administrative tasks of the regional operations unit."



ceived, and its mission clearly defined as follows:

"The regional operations staff will remove the administrative burden from divisions. This will allow line sales managers to get back on the street, so that they can develop their people and focus on selling. The unit will be more than a shifting of division work to the region level; it continually will eliminate, streamline, and automate as much of the administrative process as possible."

Three regions were selected to test the concept. Minneapolis began immediately, followed by Dallas and Philadelphia. Each region tested various adaptations of the operations unit. "We took the time to get the operations unit working as well as possible," said Wilmesher. "The unit had to be well managed to coordinate the workload, and we had to be sure to get the right people in the right staff positions," he added.

The Minneapolis operations staff consists of an operations unit manager, Tom Goudreault; a materials coordinator, Kevin Redding; a promotion coordinator, Peter Battis; a systems coordinator, Lynette Splering; and a personnel and administration coordinator, Marit Oberg. Tom Goudreault, the Minneapolis regional operations manager, credits his staff with establishing the trust and mutual understanding necessary to make the operations unit a viable resource of expertise for six sales divisions, three chain account divisions, and 60 sales representatives. "Our goal was to get the operations unit up to speed as soon as possible, and we got excellent cooperation from people in Winston-Salem," Goudreault said. "There was an initial learning curve, but now I feel we have earned our credibility from the sales managers and sales reps we support. That's the secret of success for ours or any operations unit," Goudreault added.

Since March 1993, the Minneapolis operations unit has taken over virtually all of the administrative tasks associated with running a division. Each staff member is thoroughly responsible for specific functions once handled at the division office. Every detail—from ordering merchandising fixtures, assigning promotion allocations, coordinating expense reports, to just opening mail—is handled smoothly and efficiently. Communication is fast and responsive between the operations unit and the divisions they serve; a point Dave Wilmesher says is very critical. "It's called a regional operations unit, but they work for the divisions—not for me," Wilmesher insists.

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Displays Are Proven Business Builders

Everyone knows that product displays, wherever they are—at the checkout counter or at strategic locations in the store—stimulate sales.

Cigarette displays attract the attention of adult smokers by delivering a brand message which often includes a promotion incentive of additional value. If the display is compelling enough, visually pleasing, and accessible, it acts as an open invitation for a competitive adult smoker to purchase our brands.

A display is the next best thing to personal selling. A well-placed display continues to deliver a silent Consumer Mission message long after you leave the store. Pre-booking extra product to build displays increases business and places more RJR product at the disposal of adult smokers.

Given all the obvious benefits of cigarette displays, is it safe to say that there is no such thing as a bad display? Perhaps it is, yet a visit to almost any store strongly suggests that some are better than others.

The competition for limited space in a store is intense. You compete for space not only with other cigarette manufacturers, but also with soft drinks, beer, candy, and cookies; and everyone is seeking the "ideal" in-store display location. For cigarette displays, "ideal" means as near to the point-of-purchase as possible and in close

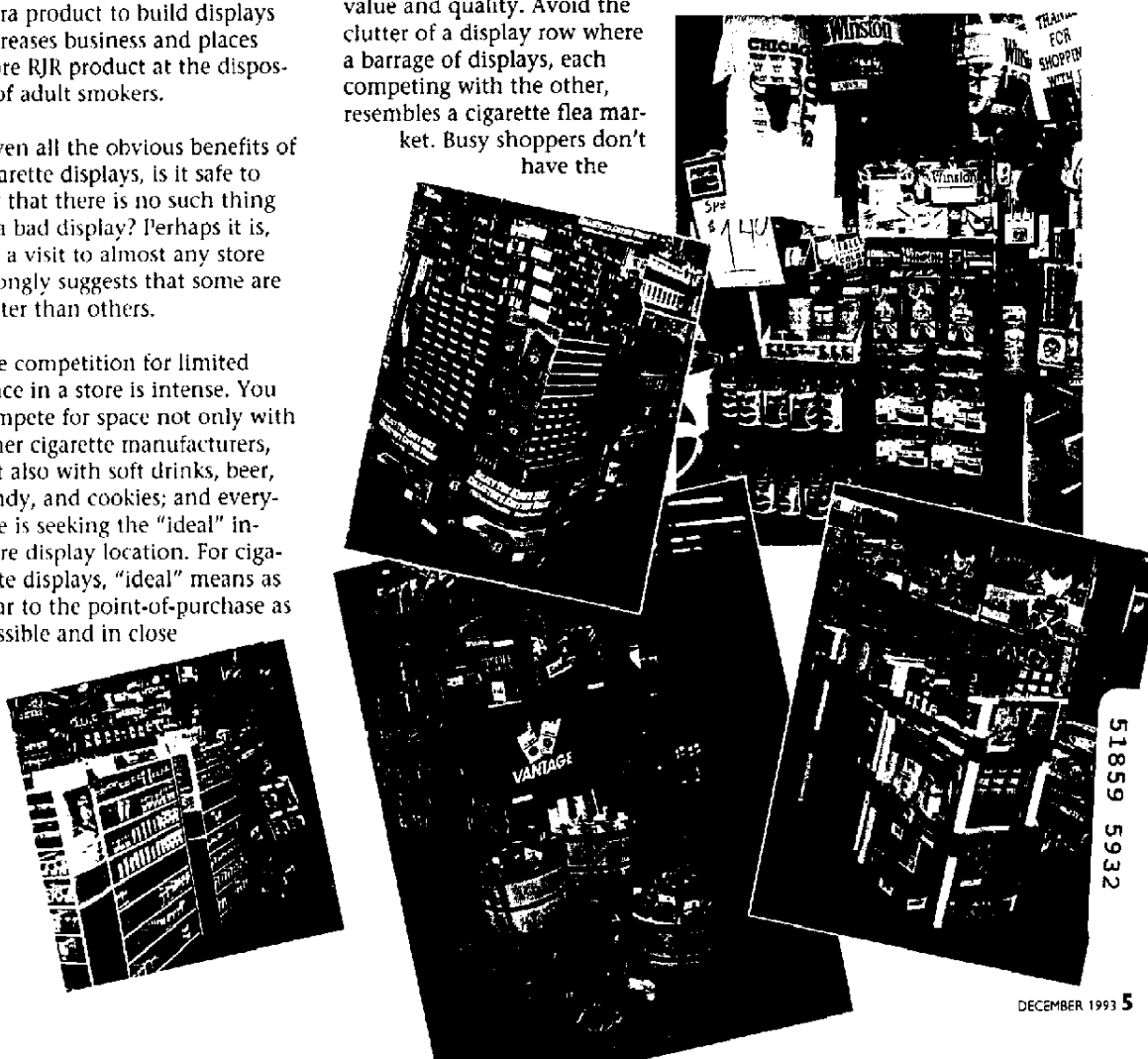
proximity to the cigarette department. It should avoid clutter and attract attention.

Finding the "ideal" location is easy, but, more often than not, it's the same location chosen by one or more of your competitors. That's when you call on experience, blended with a touch of marketing savvy, to plot a strategy. You can challenge competition head-on and put your display next to theirs, or go solo in another area of the store. Good judgment dictates how you display full-price brands in proximity to savings brands.

Certainly, your efforts should reflect the objective of presenting full-price brands as top-of-the-line products of superior value and quality. Avoid the clutter of a display row where a barrage of displays, each competing with the other, resembles a cigarette flea market. Busy shoppers don't have the

time to sort out the differences and may pass by them all. However, if your display is properly positioned, it will say to the shopper, "You've seen the rest, now here's the best."

The Sales Merchandiser receives many photos representing your display work, and we welcome them all. Keep them coming. We are including some photos from past issues with this article for you to compare. Also, compare those found in the "On Target" section of this issue. No attempt is made to judge the effectiveness of these displays, nor would we want to. Look them over for yourself. Draw your own conclusions and, hopefully, they will help you make your next display "picture perfect." ■



The following BBU news articles were prepared by the sales planning managers assigned to the Brand Business Units. They are: John Ellegate, sales planning manager, Winston, Camel BBU; and Bill Duffy, sales planning manager, Savings BBU.

Winston, Camel— Summer Defense Promotion



On April 2, 1993, "Marlboro Friday," we made our plans for the summer. Philip Morris had escalated the "war in the store" to previously unseen levels, and we had to protect our strength.

PM's strength was the vast resources thrown at discounting their flagship brand, Marlboro, from \$3 to \$5 a carton, in the hopes of ending a persistent trend of share decline on the brand. At the time of their announcement, Marlboro had been declining steadily since August 1991. Marlboro had lost approximately 2.5 share points since that August 1991 peak, mainly due to our strength: a superior sales force out-executing them at retail. They had to do something. So did we!

The Summer Defense Promotion was developed to accomplish exactly that: defend Winston and Camel volume in response to PM's move. On Winston, we felt our best defense was a promotion that could be available in as many accounts as possible, with minimal implementation in the field. In lieu of conventional discounting, the \$4/40¢ off invoice product maximized our retail penetration, and our ability to get the discount in the hands of adult consumers. PM's program, while providing some flexibility, did not guarantee that the consumer would benefit from their discount.

At the onset of the program, PM's strategy showed more immediate results, due to their ability to buy-down product on the spot. The \$4/40¢ off sniped product had to flow through the distribution network, which delayed its impact by a couple of weeks.

In addition, to pad their chance for success, PM utilized direct marketing and free-standing inserts to jump-start their program, resulting in a combined \$6 to \$10 savings at retail to the consumer. Is there any wonder the program showed solid results early on and then lost steam?

Once our \$4/40¢ off product was at retail and our sales force had effectively countered PM's point-of-sale, our strategy began to show results! By May 30, only two weeks into the program, Winston's share of market in supermarkets started to respond. June's Nielsen share of market indicated Winston was up more than a half share point. By the end of the program, Winston was up almost two full share points over trend, according to Infoscan data of supermarkets throughout the country. By every measure, Winston had achieved greater penetration of retail accounts than the Marlboro buy-down, and Winston had attained a six percent increase in our shipment trend for the 15-week Summer Defense Program.

Marlboro, on the other hand, enjoyed positive results on their buy-down program through June 20 in the supermarket segment. By the end of their program (8/9/93), Marlboro had slid back to its lowest level since the buy-down began—down 1.75 share points from their June 20 peak. By comparison, Winston, from April through August 8, had a share growth trend that represents a 21 percent increase, whereas Marlboro's increase versus trend was 14 percent.

Granted, this success was not without challenges. An off-invoice sniped program had never been done on a national scale with an established brand family. Both Direct Accounts and retailers had to be educated on a whole new type of promotion. Age-old industry practices had to be overcome, which required selling on our part and flexibility by our distributors and retail accounts.

Internally, the challenges were equally as large. A cross-functional team pulled together and met each challenge with one objective in mind—to give the field what they needed to defend our business. Forget about how we had historically done things; do whatever it takes to make the program work!

The final curve ball was thrown by our competition with the announcement of a price roll-back in August. Once again, the challenge was met by a team effort of field sales and internal support individuals. The results speak for themselves: the Summer Defense Program was a tremendous success.

The ultimate test was put to this organization in our ability to respond to competition. Not only did we respond with miracle timing, but with remarkable results as well. Your efforts in the field, coupled with Home Office responsiveness, paid off. Great job!

Camel— Cash Lotto Update



Outstanding! That's the only word to describe the impact that you have achieved at retail for the Camel Cash Lotto Program.

In comparison, a very distant second is an overly generous description of the level of presence that PM achieved at retail for their Black Stallion Jeep Giveaway Program.

As of November, there are nearly 70,000 retail stores participating in the Cash Lotto Retailer Incentive Program, and that number continues to grow daily. In fact, it is hard to drive by any group of retail stores without getting the message that there is a Camel Cash Lotto going on.

Our goal was to achieve retail presence for the Cash Lotto Program at least equal to what PM achieved when they introduced their Marlboro Adventure Team Program at the beginning of this year. Based upon your expense report comments and what we have observed during several field visits, plus feedback from consumers via marketing research, it is clear that we have achieved our goal—and then some.

But presence alone is not enough. Your preliminary feedback indicates that there may be some skepticism on the retailer's part as to how a program like this will contribute to generating sales and volume. Given the highly priced and promotion-competitive retail environment from which we have just emerged, this skepticism is quite understandable. Adult smokers have become used to promotions being defined as immediate gratification at retail via cents off or a premium.

In this era of reduced prices, adult smokers must become accustomed to a new definition of retail promotion. One which equates to a tremendous reduction in the frequency of "immediate gratification" type retail promotional activities. Our new operating margins and promo-

tion budgets simply will no longer allow any of us in the industry to promote the way we have in the past. Instead, we will need to find ways to make a lot of excitement and noise about our brands at retail in a very cost efficient manner.

The Camel Cash Lotto Program is an excellent example of this new type of promotion. In essence, the Cash Lotto Program creates the appearance of a promotion at retail, but is actually a retail presence advertising campaign promoting participation in the Camel Cash Continuity Program. Smart retailers, though, will understand that, by maximizing their support for programs like this, they can leverage the huge presence created to build their cigarette sales volume.

That's precisely what is happening based on these recent examples of sales comments.

"Retailer and chain interest, cooperation, and acceptance for our Camel Cash Lotto Program is very positive. A program which involves retailer commitment will produce excellent results and a spirit of teamwork." *W.S. Waltenbaugh, III, West Harrisburg district*

"The new Camel Lotto should assist in gaining additional interest by consumers, which in turn will help Camel sales." *D.J. Lawson, III, South Phoenix chain division*

Historically, retailers have wanted to add their own twist to our programs. Now they have the opportunity to develop their own programs to leverage promotions like Camel Cash Lotto. It's a new mindset for retailers from "What will this program do for me?" to "What can I do with this program?"

They can do a lot. For example, they can place floorbase endcap displays of product featuring the "C-Note," or they can run a specific price point promotion under our promotional banner. They can use their own ads and direct mail to associate their store with the promotion. Better yet, retailers can run their own high-impact promotion, using our advertising featuring "Double Cash on Special Lights Styles" (two C-Notes in every pack).

For certain, one thing that retailers should be doing right now is advertising their new, everyday lower price on Camels in the open area on the Lotto 3' x 6' banner and one-sheet. This has been PM's driving message on all their Marlboro POS/PDI since the price rollback.

We are confident that you and your retailers can find many creative ways to make programs like Cash Lotto pay big dividends.

Savings



With the recent pricing changes, it becomes increasingly important to focus your efforts and resources in the retail environment. To that end, you should understand and implement a savings strategy that can effectively maintain and grow our business at the expense of our competition.

Doral's role has not changed. It is still our #1 priority within the savings portfolio of brands. The emphasis on Doral is to establish it as "the premier savings brand," by competitive pricing and leveraging its equity. Match key competitors on a store-by-store basis, as necessary,

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to be at price parity. Doral's key competitors are all other branded savings, such as Montclair, Cambridge, Alpine, Viceroy, etc., plus Basic.

Monarch is now our #2 priority. Its distribution is growing rapidly as a result of your outstanding efforts. Keep up the great work! Monarch's role is to aggressively compete for those adult smokers who are primarily interested in the lowest price. Continue to improve distribution on Monarch in your market. Use parity pricing guidelines to compete with any key/significant lowest-priced brand(s). For example: GPC, Basic, Prime, Private Stock, Eagle, competitive private labels, etc.

RJR private labels also play an important and effective role for the company. Throughout your Monarch distribution and positioning/pricing efforts, be careful not to displace or disadvantage any RJR private label (Forsyth brands) in chains with whom we have established a true partnership. Best Value should respond to competition with price parity in calls where the brand is performing well.

Both Magna and Sterling should be allowed to seek their own levels without promotional pricing support in most markets/outlets. However, where either brand is strong, promotional support should be given in the form of parity pricing with their branded savings key competitors.

You must make every effort to be competitive in price at retail—not cheaper than competition. In addition, gratis/BIGIF and introductory offers are to be utilized to generate competitive trial. By focusing your retail efforts and resources on our strongest savings brands (Doral and Monarch), you can deliver a "one-two" punch to the competition. ■

Minneapolis Regional Operations Unit

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Daily, if not hourly, communication takes place between the operations coordinators, the sales force, wholesale and chain customers, and even independent retail accounts. In the Minneapolis region, the operations unit receives all incoming mail normally sent to the divisions. Mail dealing with administration is handled at the operations unit. Workplan or other critical information is sent to the divisions or, if necessary, directly to the sales representatives by the operations unit.

The communication process is further enhanced by voice mail, which is available for all personnel in the region. Voice messages can be sent by sales representatives to their managers, or vice-versa, and between sales managers and the regional operations unit. Since managers and sales representatives pick up their voice messages several times a day, problems can be resolved or questions answered in a matter of hours, rather than days.

Having fully tested the practical application of the operations unit, the benefits to the sales organization were enormous, without question. It was time for a decision. When could we implement a roll-out nationally, and how fast could we do it? The decision was made in August 1993 by Yancey Ford to roll-out in all regions by year-end.

There was much to be done. Everything we learned from the test regions—from opening a

regional operations office, to job accountabilities and procedures—had to be documented for use in the national roll-out. Brian Hamilton, training and development manager, (now the development manager in Grand Rapids, Mich.), spearheaded the project to develop a manual to guide the future regional operations managers and their staff. Once again, it was a team effort, involving the task force, the coordinators in place, and Winston-Salem staff personnel. The roll-out is on schedule, as planned; the mission nearly complete.

"Too often, we force people into a flood of administration, which they may not be good at handling."

Change in any form is often met with initial resistance, and certainly any new venture as encompassing as the operations unit

needs time and patience for its development. It is a challenging time for the sales force and the operations unit staff alike. But the results speak for themselves. Here's just a preview of what to expect from the operations unit based on the experience of Minneapolis region field managers and sales representatives.

"I'm the biggest fan of the operations unit," said Tom Burns, division manager in the Minneapolis division. "It's working so well I forgot what it used to be like without it." Burns appreciates the fact that he is relieved of administrative responsibilities, but is still responsible for training. "Before, I was part administrator and part sales manager. I'm now more focused on developing people and my business," said Burns. Mark Goring, division manager in the

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OPEN LINE

Comment

I would not like to see the ability to send DTs eliminated. This is a much quicker and easier way to send short messages. E-Mail is great for letters or long messages. But we need the ability for both, if possible.

Reply

Electronic Mail or U.S. Mail will be used exclusively for DM letters or any significant communications from Winston-Salem to field sales offices. We did this to eliminate, as suggested by a number of field sales managers, the need to go to various sources, including DTs to receive information from the Home Office. Field offices may continue to use DTs to communicate with each other, if they choose to do so. However, we recommend using "Notes," a feature within E-Mail for short messages.

Comment

Could someone please explain to me why RJR went to all the trouble to hire someone to check vending machines, when all they did was send out a form for the location to fill out and send back? This is not a visual check; nor can it possibly be correct as more than 90 percent of our locations failed to return the form. Now we have to go out and visually check locations. Is this time savings?

Reply

We have been able to audit more than 30 percent of vending machine locations nationwide, using the survey form method. The information received from the locations is reliable; and we do not intend to require visual checks of vending locations by sales personnel. We estimate a considerable savings in time and money using the survey method versus a visual check. *See story on Vending Audit Tests in this issue, page 15.*

Comment

The newly proposed federal tax is the most negative proposal against this industry in recent years. We need to join together with our resources to prevent this tax increase. We should have division meetings to plan strategy.

Reply

Please contact your division manager or regional manager regarding this important issue. Letter writing, petition signing, and networking throughout the country is needed to defend our industry!

Comment

I find it hard to believe that some "ink" cannot be found that will work on our carton codes. You cannot read them unless the light is just right. This requires moving a lot of cartons in many cases. This problem has existed for months and years.

Reply

Our apologies for not getting back to you sooner, but we were waiting for test results on how best to improve code dating visibility. Unfortunately, numerous tests involving different inks and processes did not pan out, so we plan to return to the white squares or "bullet" on cartons. Changes should start appearing in the next few weeks as new packaging is phased in.

Comment

I get asked about 50 times a day, "When is the next Camel T-shirt coming out?" Also, most Camel customers ask how long is the Camel Cash Program going to last. What should we tell these customers?

Reply

At least for the foreseeable future, the "next" Camel T-shirt will only be available through the Camel Cash catalog. When customers ask for Camel T-shirts and other premiums, remind them that they are always available through the current Cash catalog. (The Camel Cash Program is the most efficient way for us to offer Camel smokers the wide array of premiums that they keep asking for.) Also, remind them that the Camel Cash Program is only guaranteed to last through the expiration date in the current catalog, so they should hurry and get their order(s) in.

Comment

We are having a lot of problems getting Winston Select in our warehouses. The brand is moving great and we are switching adult smokers. We will lose these customers if we don't get this product to the retailers.

Reply

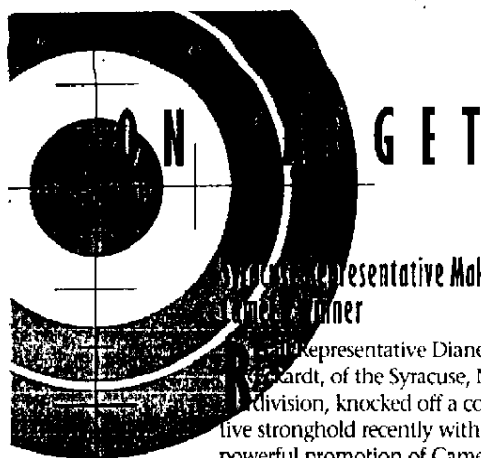
You're right! That's why we developed a Winston Select re-introductory program that includes wholesale and retail incentives to keep the product in the store. We cannot allow the trial we gained through the initial introductory promotions to be lost now to out-of-stocks.

Comment

The Camel Lotto Program is being well received by retailers. Entry forms should be made available to consumers, so that the catalogs would not have to be wasted if an order is not being placed. An easel card with entry pad would be practical.

Reply

Good point. You can order extra entry forms, commodity number 410445, in quantities of 25 per SKU.



Sales Representative Makes Camel a Winner

Sales Representative Diane Eckardt, of the Syracuse, N.Y., division, knocked off a competitive stronghold recently with her powerful promotion of Camel Special Lights.



Joe Camel arrives with Special Lights in this creative display placed by Diane Eckardt.

Because of its highly SKUed Marlboro clientele, Eckardt targeted a Red Apple store to kick off her Camel Special Lights introductory effort. She worked a Friday afternoon contacting

68 smokers. All but two purchased a Camel product. She offered a free pack coupon with each purchase.

Her creative display and personal selling had the store manager admitting that Camel is now the "Number One" brand in the store. Camel outsold Marlboro with Camel Light Hard Pack established as the top brand. **SM**

Swarming River Town Nets Big July 4th Sales

Area Sales Representative Brenda Wilson, of the Charleston, W.Va., division, takes full advantage of living in a river town. Each year thousands of people swarm the Ohio river town of Gallipolis, Ohio for the July 4th holiday.

This year, Wilson flooded her hometown with RJR volume-building promotions in preparation for the visitors. In total, Wilson sold 39 retail accounts, in and around Gallipolis, more than 4,000 cartons of Winston, Camel, and Doral. She used Winston \$4/40¢ promoted product, and displayed Camel and Doral product in each of the calls.

Wilson took full advantage of building her business and left the competition treading water. **SM**

Motorcross Event in Syracuse Builds Business for RJR

The largest outdoor motorcross event in AMA history was held at the Unadilla Valley Sports Center. This event provided the Syracuse, N.Y., division a major opportunity to sponsor the race and promote it through a local chain.

The promotion, spearheaded by Training and Development's Keith Myers, involved the Red Barrel chain and its 23 stores. Myers purchased a 1993 YZ Yamaha motorcycle. Then, he provided race tickets for Red Barrel to conduct a drawing, with entry forms available in all stores. The motorcycle was displayed in selected stores, along with the Camel 15' inflatable pack and the Camel van.

In return for the promotional support, Red Barrel participated in a cooperative price promotion in each store. In addition, all stores maintained our Camel Cash III standee on location for a full month. They also ran our free Camel Unadilla T-shirt offer with a four-pack purchase and our Camel Supercross lighter with a three-pack purchase.

Myers also negotiated the elimination of the EVD portion of our monthly contractual obligation, while keeping our program intact.



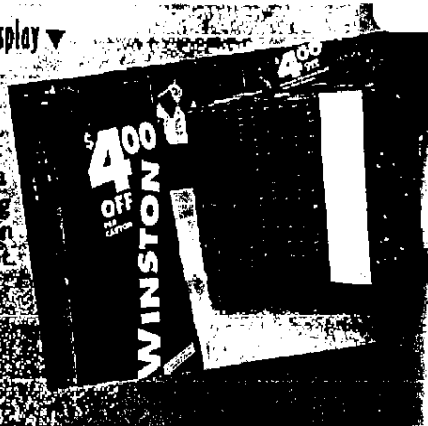
Training and Development Manager Keith Myers (right) at the Camel booth for the RJR-sponsored Unadilla Motorcycle Race.

A total of 2,894 cartons were plussed out to Red Barrel stores. In addition, 98 cartons were sold at the race track, where the division maintained a Camel booth for race spectators.

Red Barrel's advertising of the motorcycle drawing produced 10,000 entries, of which 4,500 were smokers who will be added to the Camel brand mailing list. **SM**

Winston Simulator Prompts Mass Display

This 16-case mass display was placed by Area Sales Representative Mike Petrone, of the North Philadelphia division, at a Wal-Mart store in Dover, Del. It was part of a sports marketing package featuring the Winston simulator in Wal-Mart's parking lot.



Camel was prominently promoted and displayed during Harley-Davidson's 90th anniversary in Milwaukee.



Milwaukee Division Welcomes Bikers at Harley-Davidson Celebration

The Milwaukee, Wis., division and Camel celebrated Harley-Davidson's 90th anniversary as nearly 100,000 bikers rolled into town. A PDI blitz of more than 500 banners welcomed bikers to a variety of anniversary events throughout the division.

At Summerfest Grounds, where a Harley reunion was held, concession stands featured Camel's "Smooth" advertising and Camel brands selling at an attractive price. This event drew 60,000 people who purchased six cases of RJR product in one day.

Nearby, at the State Fairgrounds, 40,000 people attended a four-day Harley owners event. Camel T-shirts with a four-pack purchase and Camel lighters with a two-pack purchase were promoted in all 10 state-run concession stands.

The grand finale, the Harley Homecoming, was held at Great Lakes Raceway in Union Grove, Wis. More than 100,000 bikers attended this three-day event. Area Sales Representative Rob Roffers, with the assistance of Area Sales Representative Neil Krause, placed more than 100 banners and promotional offers featuring Camel "Born to be Smooth" T-shirts in all concession booths.

The division credits their successful effort to teamwork between the Sales Area staff, the Camel Business Unit, the Chicago region, and division personnel. They look forward to the year 2003, when Harley Davidson celebrates its 100th anniversary. ■

Truckers' Appreciation Day Sparks San Jose Sales

The San Jose division teamed up with Beacon Oil area managers and store managers to build RJR cigarette sales during Truckers' Appreciation Day at Beacon Oil in King City, Calif.

Special Accounts Manager Phillip Krumlauf and Area Sales Representative Stefano

Bortolin worked a price promotion at the account, lowering the price of RJR brands to \$1.89 per pack. (Average pack price is \$2.40 in Calif.) Beacon Oil lured the truckers in with a \$2.00 lunch special. But the real specials were RJR brands, including Winston NASCAR Promotions, which were set up on tables next to Davy Allison's race car. The event netted a total of 537 full-price packs sold.

Havoline Oil and Pepsi participated in the event, but RJR was the only tobacco company represented. ■



RJR brands and promotions were readily available at Beacon Oil's Truckers' Appreciation Day.

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Camel Special Centros

During a five-day period earlier this year, the Springfield, Mass., division blitzed the retail trade with a focus on Camel Special Lights and Monarch introductions.

The division sold 44,000 cartons of product in 1,054 calls and placed a total of 520 displays. They achieved 2,600 brand introductions.

Division Manager Dave Keeney and Region Manager B.G. Norman credit an inspired team effort and attention to business for this successful endeavor. **SM**

Eugene "Kickin" Cookout Kicks Off Summer Promotion

The Eugene, Ore., division wanted to take an aggressive approach to the Winston/Camel Summer promotion. So, on the evening before the division meeting that would announce the promotion, sales representatives were brought in for a "Kickin" cookout, complete with grilled steaks and all the trimmings.

The "Kickin" cookout theme alluded to a certain part of the competition's anatomy. That, in turn, inspired the entire division to go out and do a little "kickin" of their own. The representatives pre-booked 548 cases of Winston Summer promotion product into 1,046 retail calls and 281 cases of Camel B1G1F into 423 calls. **SM**

Camel Week at Myrtle Beach

It's an annual event at Myrtle Beach, S.C., as the Charleston, S.C., division turns Bikers' Week into a week-long promotional blitz for Camel.

The division placed a total of 200 SKUs of Camel T-shirt promotional displays throughout the resort community, as well as numerous PDI and POS advertising and high-impact banners.

Retail Representative Dan Gross made a special effort in his Express Mart store. He sold a 315-carton Camel display and negotiated a reduction of 40¢ per pack on Camel that the retailer kicked in. **SM**



Typical Camel T-shirt display placed by Charleston division during Bikers' Week at Myrtle Beach.

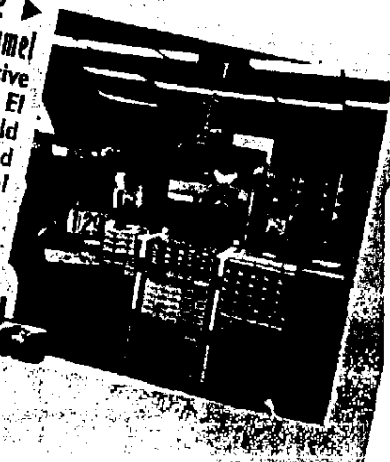
Ryan's Special Effort on Camel Special Lights

In a presentation submitted to his division manager, Sales Representative Matt Ryan stated, "After a month on the streets specializing solely on Camel Special Lights, I've come to the conclusion that the potential for the brand is undoubtedly there."

Ryan's enthusiasm for Camel Special Lights was clearly evident by the quality of his introductory work. At New York's Penn Station, for example, Ryan placed high-impact advertising at Penn Gourmet Deli, as well as Camel motion signs in all Hudson newsstands at that location. He also conducted store sales, featuring Camel Special Lights in his assignment.

In response to Ryan's efforts, Manhattan Division Manager Tony Addressi said, "I applaud Matt's initiative in preparing this presentation, appreciate his candid thoughts, and compliment his tremendous accomplishments." **SM**

**El Paso Representative
Promotes Camel**
Area Sales Representative
Manny Navarrete, of the El
Paso, Texas, division, sold
Golden West Truck Stop and
Hilger Oil's five stores a Camel
carton and dump bin display.
Each store received 300 car-
tons of Camel, which Navarrete
prominently displayed. Camel
now outsells Marlboro
in these stores.



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Camel Store Sales Light Up North Dallas

Camel Special Lights was the main attraction at three high-volume calls in the North Dallas district, thanks to store sales conducted by Area Sales Representatives Cindy Owen, Sheila Lee, and Terri Stone.

The highly successful store sales were conducted at three area locations: Tobacco Row #1, #2, and Mini Hyper-Mart. The sales were conducted on Saturday during each store's peak operating hours.

By utilizing Consumer Mission pack and carton coupons, premium items, BIGIF offers, and maximizing one-on-one selling, more than 179 cartons of new Camel Special Lights were sold. An additional 72 cartons of

Camel products were sold to adult consumers, who preferred trying other Camel brands closer to the brands they smoked on a consistent basis.

More than 400 consumer offers were made from the three store sales, and more than 387 cards were filled out and returned to the company.

All three store owners were thrilled and excited to have the sales conducted in their stores. Tobacco Row Store Owner Herby Golstrich and Store Manager Don Marass got involved in making consumer offers for new Camel Special Lights, right along with the sales representatives in their store. ■

Minneapolis Regional Operations Unit

continued from page 8

St. Paul division, agrees. "I can spend five days a week on the street and still not miss a beat. I get mail once a week. If it's urgent, I get voice mail," said Goring. His administrative time is reduced to PPR's, evaluations, reviewing expense reports, and a monthly report to the regional manager. "I'm out there doing creative things with my people and that's what's important," Goring said.

Greg Palmer, chain accounts manager in the St. Paul chain accounts division, reflects on his days as a division manager, in comparison to the freedom from paperwork managers will now have. "When I became a division manager, I didn't know I was taking on all that paperwork. I'm best at working the

trade. That's what I was trained for," Palmer noted. "Too often, we force people into a flood of administration, which they may not be good at handling."

The advantages of the operations unit flows even deeper in the organization, as witnessed by Carolyn Mock, area sales representative in the Minneapolis division. "I was one of the most skeptical in the beginning, but now I see that everything is streamlined and cost efficient," she said. Mock also recognizes the competitive advantage of working with the operations unit. "There's no lag time in getting things done," she observed. "The coordinators are always there to handle my promotion needs quickly. That means I can get a jump on competition." ■

Area Sales Representative Ayers Earns Weekend Getaway

Area Sales Representative Moir Ayers won a Winston-Salem, N.C., division Local Performance award by placing first in the division's "Can You Be Cool Too" Camel Special Lights contest.

During the Camel Special Lights introduction period, Division Manager Frank Armstrong awarded points for the number of calls made each day, the number of POS placed, consumer offers made, and number of cartons re-ordered.

Ayers proved to be the "coolest" of the cool with 635 advertising pieces placed, 29 cases of product order booked, and 181 consumer offers made. Second place went to Area Sales Representative Mike Yates. Area Sales Representative Ken McAllister was third. Ayers was awarded a weekend getaway of his choice. ■

Another observation from Sales Representative Clint Pullin, of the St. Paul division, focuses on the time he is able to spend with his manager. "In the past, maybe I saw the division manager 12 times a year at best. Now I have frequent opportunities to brainstorm ideas and generally talk about issues important to me." He summed up the role of the regional operations unit for the RJR sales force of the future simply and precisely. "It will make us a more cohesive team in the long run."

A cohesive team of professionals. Service and sales professionals working together in an atmosphere of trust and mutual understanding. What better way to begin the New Year. ■

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Winston Wheels Aimed at Competition

New Haven, Conn., division put together an aggressive counterattack to the Marlboro promotion van this summer with some "hot wheels" of their own.

They developed a unique Winston/Camel summer van, stocked to the hilt with POS displays and premiums, and put it on the road, targeting high-volume retail stores to compete with that "other van." All of the

promotional work was done on Fridays and Saturdays.

During the months of June and July, the division chalked up 23 retail calls. They reached 2,254 adult smokers with our Consumer Mission and multiple-pack purchase offers, converting 1,691 competitive adult smokers to RJR brands. An additional 987 cartons of product were sold.

What's even better is that the retailers, who had the RJR van and the "other van" on their premises, praised the execution by RJR sales personnel as far better than the competition. ■



Area Sales Representative Jack Devine (left) and Special Accounts Manager Rick Smith stand ready to greet and convert adult smokers during New Haven's Summer promotion.

**Camel Increases 66 Percent ▼
Sales Representative Nancy Veney, of the Denver, Colo., division, increased Camel sales 66 percent, through a successful price promotion at a high-volume convenience location. She placed two dump bins, a Camel standee, and three Camel Cash banners over the gas pumps, plus a Camel metal sign on each gas pump.**



North Houston Crew Work Aimed at Competition

The North Houston division ended the first half of 1993 with a seven-day barrage of crew work activity directed at the heart of the competition.

Dividing into five teams, the division concentrated on Camel Special Lights and Winston Select advertising and carton sales. They also left room for Monarch during the week-long retail blitz. A total of 410 retail calls were made, where 3,361 advertising pieces were placed, including 252 price banners. The division promoted 9,451 cartons of Camel and Winston and 5,035 cartons of Monarch, in addition to selling 2,750 cartons of product. ■

Camel Special Lights Sweeps San Antonio in Nine Days

The San Antonio, Texas, division introduced Camel Special Lights in "A" through "C13" calls in nine working days. They started the introduction on Monday and completed it on Thursday of the following week. Then, they introduced Camel Special Lights in key calls in two days.

During those nine days, the division made 1,545 calls and gained distribution in 1,529 stores. They placed 41,245 BIGIF offers in 790 supplemental displays and made 1,009 consumer offers, which were accepted. A total of 6,060 advertising pieces were placed to support the introduction.

All three San Antonio managers made retail calls during the nine-day program, with assistance from the region manager and chain accounts manager.

Assessing the results of the program, Division Manager Luther Gann said, "This approach created a great deal of enthusiasm, which was instrumental for a successful and fun introduction." ■

Vending Audit Tests Successful, National Roll-Out in Progress

Verifying the accuracy of vending placements has always been a difficult task for us," says Jack Regan, national manager, vending/trade programs. "Those days are gone, because now we have the means to audit more accurately vending locations and pay vendors only for legitimate placements," he added.

What do we mean by, "paying for legitimate placements"? That simply means paying vending operators contract dollars for actual vending machine locations in which our brands are placed. The accuracy of the vendor's placement report can vary greatly, so it has been the sales force's responsibility to physically check a percentage of machine locations to verify that vendors fulfill their part of the contract. This is a time-consuming task for the field and, at best, we are only checking about five percent of the machines.

Now, with a new vending audit system, we are going right to the vending locations to verify brand placement accuracy. Survey forms are sent directly by an outside supplier to the establishments where the vending machines are located. The owner or manager of the establishment completes the survey form, verifying the machine owner and RJR brand placements. The surveys are returned to the outside supplier, where they are validated against the vendor's report. As an incentive for completing the audit form, the owner or manager of the location establishment receives a free premium. Camel T-shirts have been used, but the premium can vary

from survey to survey.

This audit system was first tested in the Atlanta region in 1992, closely followed by additional tests in the Chicago, New York, Los Angeles, and Riverside regions. Based on successful results of those tests, the Atlanta region went live with the audits in the first and second quarters of 1993. Actual payments to Atlanta region vendors were only 48 percent of claimed dollars, resulting in a savings of \$62,000.

Not surprisingly, Bob Rissler, Atlanta's regional manager, was impressed with the savings; but he also was pleased with the time the audit saved his people. "We were able to take the resources normally invested in checking vending machines and apply them to essential selling functions," Rissler said. He added, "Even though some vendors were initially hesitant about our new audit procedures, they couldn't argue with the results; or the fact that we have the right to expect to get what we pay for. Vendors who report accurate placements had nothing to worry about."

Regan credits the Law Department, the Business Information and Analysis Department, and the Atlanta region management team as being instrumental in developing the vending audit procedure. "It was a team effort from day one," he said.

While the live audit procedures were being rolled out in the Atlanta region, the rest of the country was involved in a national test in the first and sec-

ond quarters of 1993. "The national test produced 30,000 good audits which represented about 12 percent of all vending locations," said Regan. "It also produced 40,000 bad audits that we will not pay." He also emphasized, "When you combine the good audits with the bad, we had 70,000 audits returned, representing 30 percent of all locations. That's far better

"The savings we generate through the vending audits could not have come at a better time," said Regan, "because we are all challenged to be cost effective and operate more efficiently."

than having our people physically check five percent."

With a record of proven results, vending payments, based on the new audit procedure, began in the third and fourth quarters of 1993. The company expects to realize a substantial savings in vending payments; plus more than 2,500 work days, associated with physically checking vending machines, will be saved by the sales force.

"The savings we generate through the vending audits could not have come at a better time," said Regan, "because we are all challenged to be cost effective and operate more efficiently." SM

NEWS BRIEFS



RJR Wins WaWa's Best of Show Trophy

The Philadelphia chain accounts division won the coveted first place trophy in the Best of Show awards ceremony at the Hershey Convention Center in Hershey, Pa. The occasion was a trade show sponsored by WaWa Food Markets, a 500+ convenience store chain operating in five Eastern states. Each participating supplier had to select a movie theme, then build a booth around the theme. Vendors also had to be in costume.

Senior Chain Accounts Manager Jim Morris selected the theme from the movie, "The Hustler," starring Jackie Gleason and Paul Newman. This selection blended the rich heritage of the Camel family and the nostalgia of the '50s with our recent Camel "pool player" marketing and advertising campaign.

The Philadelphia Team RJR had to compete with more than 85 vendors. Some of whom featured such celebrities as the Pepsi Cola "Uh-Huh" girls, Doctor "J" ('76er's basketball star Julius Erving), and the Phillies (baseball) "Phanatic." But it was Joe Camel who made his entrance and stole the spotlight and the crowd's attention.

The booth, a scaled-down pool hall, featured '50s memorabilia, including a working Wurlitzer jukebox with records from that era; a 1959 Philco Perfecta black and white TV showing vintage Camel, Winston, and Salem commercials; an authentic miniature pool table; and a "Camel-Cavalier" carton fixture. The mementos of the past were from the collection of Part-time Merchandising Coordinator (Philadelphia) DeWayne Bryner, a serious antique dealer and collector who was instrumental in the design and technology of the booth.

The occasion allowed the backdrop of the '50s to give way to the current Camel promotion, and introduce Camel Special Lights to the thousands of store and corporate people attending the show. Other RJR performers starring in the production were Rich Pettorini, area manager, national accounts, North Atlantic Sales Area; and Jim Piscitelli, manager, Forsyth Products, Winston-Salem. ■

Racing Fraternity Honors Edelmayer at Darlington Track



▲ Division Manager Mike Edelmayer, Columbia, S.C., accepts a racing helmet, autographed by the entire starting field of the Southern 500, from T. Wayne Robertson, senior vice president, sports marketing. Edelmayer was honored by the track and racing fraternity for his 21 years of support for NASCAR Winston Cup racing at Darlington. He has worked every RJRT-sponsored event at the speedway since our involvement began in 1971.

AWMA Hall of Fame Inducts Ford

Yancey W. Ford, Jr., executive vice president, sales, was honored with the American Wholesale Marketers Association (AWMA) 1993 Hall of Fame award during the association's summer convention in Washington, D.C.

Ford and John Herd, Jr., chairman of Herd Distributing Company, Smyrna, Ga., were the first members to be presented with the new AWMA Hall of Fame award. The award recog-

nizes exceptional individuals whose purpose, direction, and personal commitment have helped foster the goals of the association. Ford received a crystal eagle, representing his induction into the Hall of Fame. A plaque in Ford's honor will be displayed in the association's Washington, D.C., headquarters.

Ford joins a prestigious group of only three other RJR executives in AWMA's Hall of Fame. This group includes Bowman Gray, Jr. and Bill Smith (both former presidents of R.J. Reynolds Tobacco) and Don Grout, former senior vice president, sales. ■

Yancey Ford addresses members of the AWMA upon his induction into the association's Hall of Fame. Pictured from left to right are AWMA President Jerry McKoul, who presented the award, Yancey Ford, and Peggy Ford.



▼ "No A/C, but I had a good job with a good company," says Willard Savin, a sales retiree shown in his 1940s panel truck. Savin wanted to share this photo with Sales Merchandiser readers.



Preparing Your Vehicle for Winter

Everyone needs to prepare their vehicles for adverse conditions. Even before the first snowfall, you should take a few precautions.

- Get a tune-up. Your car will start easier and run smoother.
- Switch to a winter-weight oil, unless you're already using an all-weather grade.
- Have your battery checked. The lower the air temperature falls, the less power the battery has; so, it needs to be strong to begin with.
- Be sure the alternator belt and other belts are tight.
- Check the coolant level and cooling system connections. Be sure the antifreeze is strong enough to prevent freezing and fresh enough to prevent rust.
- If snow tires are necessary, remember that if you have a front-wheel drive car, put snow tires on the front (the driving axle) for better traction. Never mix radial tires and conventional tires. This can lead to highly unstable handling.
- Check the exhaust system for leaks. Carbon monoxide is a killer.
- If windshield wipers aren't working properly, replace them.

**HAPPY HOLIDAYS AND SAFE DRIVING
FROM FLEET OPERATIONS**

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PROMOTIONS & APPOINTMENTS



Gary Loser has been promoted to the position of national manager, trade issues, in the Public Issues Department.

Loser joined the company in 1965 as a sales representative in the Peoria, Ill., division. He was promoted to assistant division manager in the Philadelphia, Pa., division in 1968, and later transferred to the West Springfield, Mass., division. Loser was promoted to division manager in the South Boston division in 1976.



William Roth has been promoted to chain accounts manager in the Washington, D.C., division.

Roth joined the company in 1982 as a sales representative in the Birmingham, Ala., division. He was promoted to assistant division sales manager in the Mobile, Ala., division in 1986. In 1989, he was promoted to division sales manager in the Hattiesburg, Miss., division.



James Wass has been promoted to division sales manager in the Hattiesburg, Miss., division. He was special accounts manager in the Oklahoma City, Okla., division.

Wesley Nygaard has been promoted to military sales manager in the Phoenix, Ariz., division. He was area sales representative in the South Phoenix, Ariz., division.



Phillip Settle has been promoted to division sales manager in the Greenville, S.C., division. He was division training

and development manager in the Huntsville, Ala., division.

Mark Donnelly has been promoted to division sales manager in the San Francisco, Calif., division. He was special accounts manager in the South Phoenix, Ariz., division.

James Germanos has been promoted to division manager in the West Chicago division. He was special resource manager in the same division.

Kathy McClain has been promoted to division sales manager in the South Seattle, Wash., division. She was division training and development manager in the Riverside, Calif., division.

Susan King has been promoted to senior manager, brand promotions, in the Sales Promotions Department.

Richard Smith has been promoted to special accounts manager in the New Haven, Conn., division. He was area sales representative in the Portland, Maine, division.

Sergio Uribe has been promoted to special accounts manager in the Wichita, Kan., division. He was area sales representative in the East Houston, Texas, division.

Steven Smith has been promoted to special accounts manager in the Oklahoma City, Okla., chain division. He was area sales representative in the North Oklahoma City district.

Rick Evans has been promoted to promotion production manager in the Sales Promotion Department.

Deborah Jones has been promoted to manager, materials planning, in the Sales Materials Logistics Department.

Andrea Lewis has been promoted to assistant manager, sales materials logistics, in the Sales Materials Logistics Department.

Geraldine Nicks has been promoted to associate coordinator, sales materials logistics, in the Sales Materials Logistics Department.

Dan Murphy has been promoted to director, savings Business Unit research and analysis, in the Business Information and Analysis Department.

Murphy joined the company in 1976 as a brand research manager in the Marketing Research Department, where he was promoted to brand manager in 1982. He was promoted to group marketing research manager in the RJR New Brands Department in 1985.

TO MILITARY SALES MANAGER

Theodore Starks

San Francisco, Calif., Military

TO PRINCIPAL ADMINISTRATIVE ASSISTANT, HOME OFFICE

Debbie Wooten

Consumer Relations - BIAD

TO SPECIAL ACCOUNTS MANAGER

Randall Wright

Pittsburgh, Pa., chain division

Timothy Winslow

San Antonio, Texas, chain division

Jeffrey Pedersen

North Phoenix, Ariz., chain division



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**Group Manager-
Sales Communications.....**John Olenick

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